YUMA COUNTY

Citizen's Annual Financial Report

For Fiscal Year Ended June 30, 2013

"Yuma County Government dedicated to providing customer-focused service to enhance the health, safety, well-being and future of our entire community"

MESSAGE FROM THE FINANCIAL SERVICES DIRECTOR

Dear Citizens of Yuma County,

We are pleased to present Yuma County's tenth Popular Annual Financial Report (PAFR), prepared by the Department of Financial Services. This report provides a summary of the County's financial information in a simple, easy to read format. We hope this report gives you a better understanding of County Government, local economic factors, and our financial condition.

Information in this report is taken from our 2013 Yuma County Comprehensive Annual Financial Report (CAFR). The CAFR contains management's representations concerning the finances of Yuma County in the form of financial statements. The CAFR was prepared in conformance with U.S. Generally Accepted Accounting Principles (GAAP), was audited by Fester and Chapman P.C., and received an unqualified opinion, the best audit opinion possible. For more information or detail, see the County's CAFR or this PAFR available at County offices or www.yumacountyaz.gov.

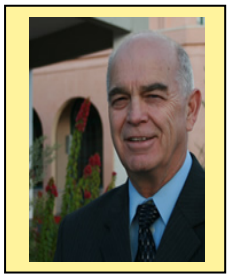
This Popular Annual Financial Report summarizes the financial activities of the primary government of Yuma County. The reports and statements contained within condense and simplify our 2013 Comprehensive Annual Financial Report for all Yuma County governmental funds, based on GAAP, and account for all of Yuma County's expendable financial resources. Governmental funds seek to present and determine financial position not determine income. The modified accrual basis of accounting is used in this report, which means revenues are recognized when measurable and available with expenditures recognized when incurred.

The Popular Annual Financial Report of Yuma County was introduced as a means of increasing public confidence in County government and its elected officials through easy, user-friendly financial reporting. The PAFR is unaudited; however, is consistent with U.S. Generally Accepted Accounting Principles and governmental reporting standards used in the CAFR preparation.

As you review this report, we invite you to share any questions, concerns or comments you may have. We also encourage you to review Yuma County's Comprehensive Annual Financial Report, which is presented in the nature of full disclosure. The CAFR and PAFR can be found at the Administration Building, 198 S. Main Street, any County Library location, by calling (928) 373-1012 or on the County's website www.yumacountyaz.gov.

Respectfully,

Scott Holt
Director, Financial Services



The **Mission of the Financial Services Department** is to provide all customers with professional, courteous and reliable services that are timely, accurate and valuable. To improve the efficiency and effectiveness of the agency and its related functions in furnishing support, training and financial information pertinent to determining the financial position of the County that is interesting, relevant and user friendly.

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Yuma County, Arizona

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Yuma, AZ 85364

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www.yumacountyaz.gov

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This report is brought to you by:

The Yuma County Board of Supervisors and the Yuma County Financial Services.

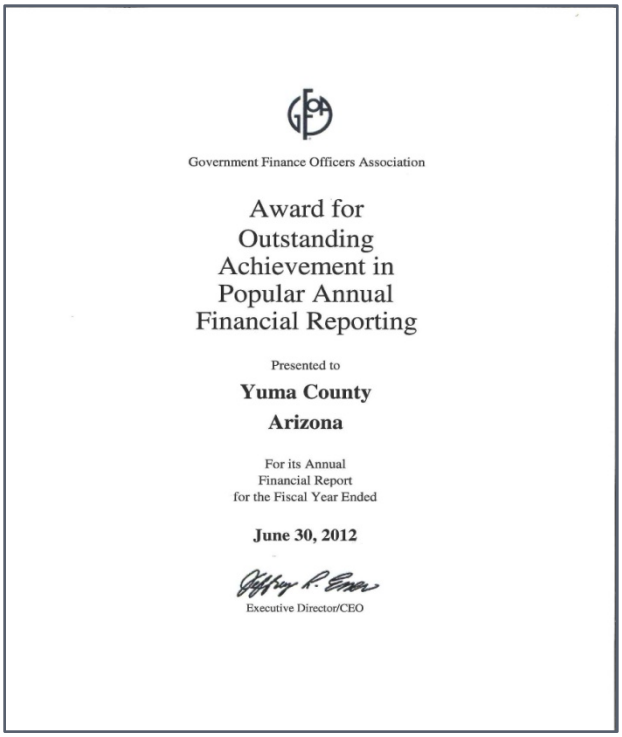
This and all Yuma County Reports can be found at our website:

www.yumacountyaz.gov

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award of Outstanding Achievement in Popular Annual Financial Reporting to Yuma County for its Popular Annual Financial Report for fiscal year ended June 30, 2012 the award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive the award, a governmental unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal. The award is valid for a period of one year only, and Yuma County has received the award for the past nine (9) consecutive years. We believe our current report continues to conform to Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA for the tenth time.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Yuma County Arizona

For its Annual Financial Report for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

YUMA COUNTY

Yuma County, bordered by California to the West and Mexico to the South, was founded in 1864 as one of the four original counties established by the first Territorial Legislature. In 1540, 48 years before Columbus stumbled upon the New World, 18 after the conquest of Mexico by Cortez, and 67 years before the settlement of Jamestown, Hernando de Alarcon visited the site of what is now the City of Yuma. He was the first European to set foot in the area and to recognize the best natural crossing of the Colorado River.

From the 1850's to 1870's steamboats on the Colorado River transported passengers and goods to various mines, military outposts and served the ports of Yuma, Laguna, Castle Dome, Norton's Landing and others. Yuma served as the 'Gateway to the West' bringing thousands from around the world in search of gold. In 1870 the Southern Pacific Railroad bridged the river and in 1915 the 'Ocean-to-Ocean" bridge became first highway crossing the Colorado River

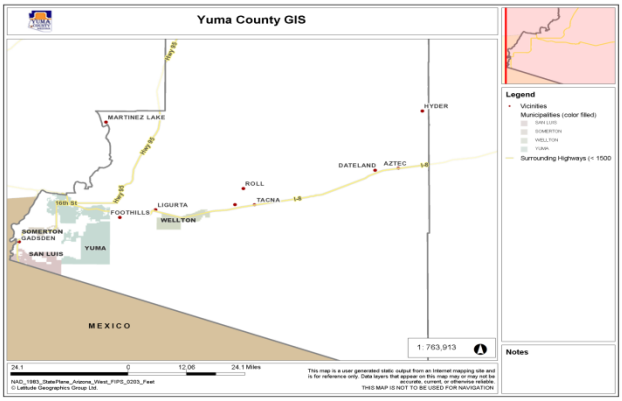
Yuma County's 5,522 square miles of desert land accented by rugged mountains contains an abundance of arable land in its valleys, irrigated by the Colorado River. The diverse economy of Yuma County is based on a variety of agricultural, service, wholesale and retail industries as well as hosting two military installations, and offers government employment. During the winter months, population doubles with winter visitors affectionately known as 'snow birds'.

Along with providing the standard County services such as administration, tax collection and roads, Yuma County also maintains the Jail District, Library District, Flood Control District, Health District and many Improvement Districts.

BOARD OF SUPERVISORS

The governing body of Yuma County is the Board of Supervisors. The Board is empowered, by state law, to adopt ordinances, establish programs, levy taxes, appropriate funds, appoint officials, zone property and regulate development in the unincorporated areas of the County. In addition, members represent the County on numerous intergovernmental agencies.

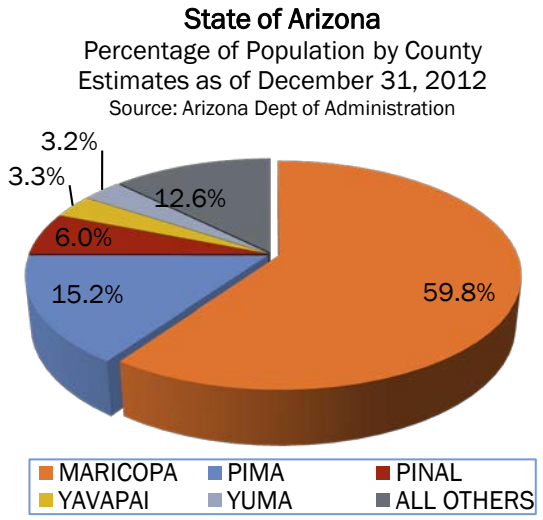
Five members of the board are elected to serve four year terms, each being elected from one of the five supervisorial districts of the County. At the start of each year, the Board chooses from its members a Chair and Vice-Chair to serve during the ensuing year. The Chairperson presides at Board meetings and signs documents in the name of the County, with the Vice-Chairperson substituting in their absence.

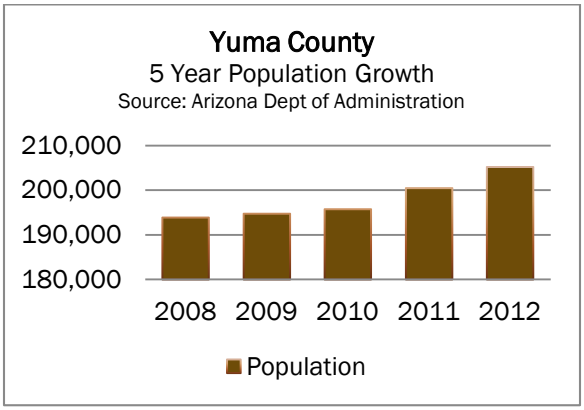


POPULATION

As of December 31, 2012, Yuma County's estimated annual population had grown by **4.8%** since the 2010 census to a total estimated population of **205,174**. This is above the State of Arizona's growth rate of **1.7%** during the same period with a total population of **6,498,569**. Yuma County represents **3.2%** of the total state population.

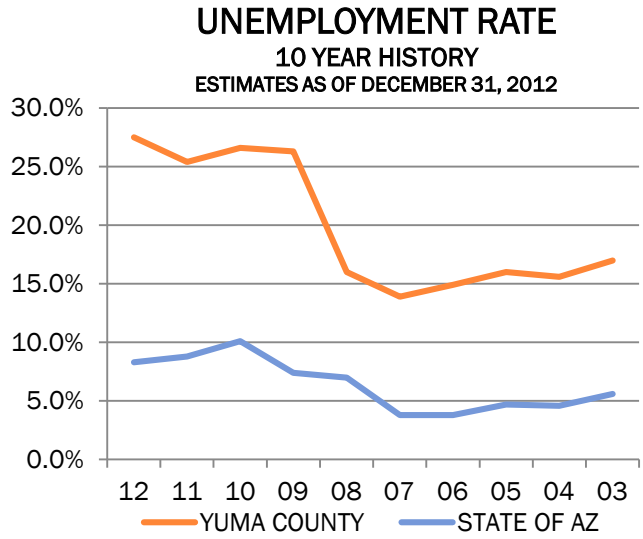
The majority of the population of Yuma County resides in the City of Yuma (46.2%). The Cities of San Luis, Somerton, Town of Wellton and unincorporated areas account for 15.1%, 7.2%, 1.4% and 30.0% respectively.





EMPLOYMENT

Yuma County's unemployment rate on December 31, 2012 was **27.5%**, an **8.3% increase** from the previous year's **25.4%.** Historically, the County averages 18.9% unemployment due to large agricultural labor population. The chart below shows a 10 year history of Yuma County unemployment rates, not adjusted for seasonal workers, against the State of Arizona's unemployment rates during the same periods.

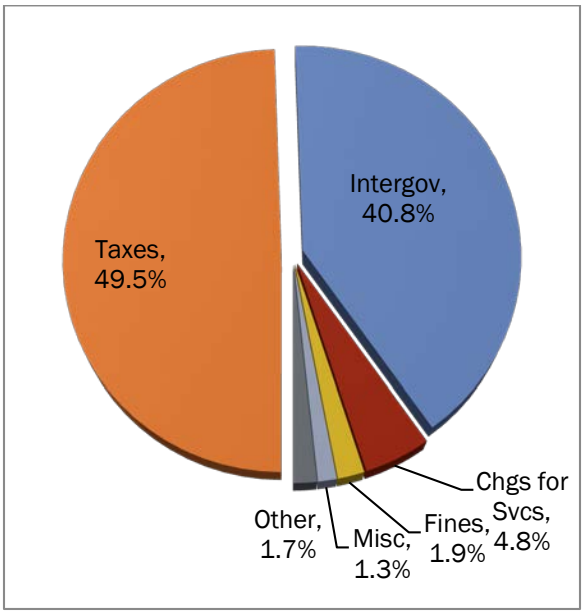


Per the Arizona Department of Administration, the net change in employment for Yuma County Compared to last year was a decrease of **1,422** while the State of Arizona saw an increase of **6,300** as of December 31, 2012.

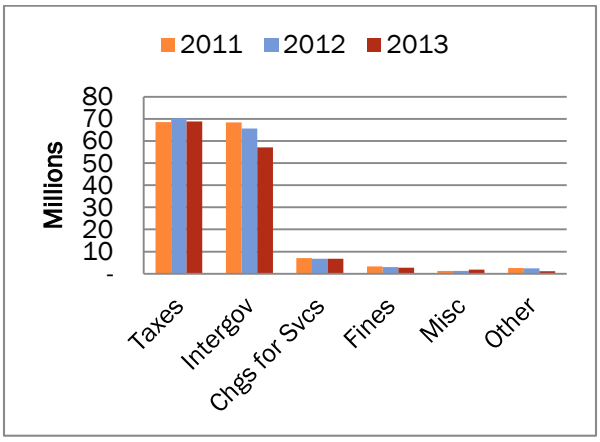
Sector	Yuma County	Statewide
Services	1,600	20,800
Mining & Construction	300	2,000
Manufacturing	100	100
Trade, Transportation & Utilities	700	4,300
Financial Activities	200	2,200
All Government	(900)	(200)
All Other	(578)	(22,900)
Net Change	**1,422**	**6,300**

REVENUES- Governmental Funds

Yuma County's Governmental Revenues totaled $139,935,724 for fiscal year 2013. The majority (90.3%) of this year's revenues are from two sources: **Taxes** (primarily property and sales) and **Intergovernmental** (Federal and State contributions).



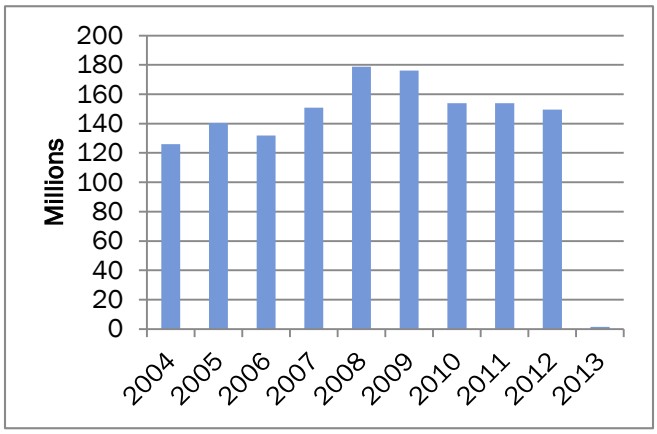
Below is a three year history of governmental funds revenues. Fiscal year 2013 saw a **6.6%** decrease over 2012; which was a **1.1%** decrease from 2011 revenues.



Governmental funds are used to account for all of Yuma County's expendable financial resources: they account and record governmental financial activities.

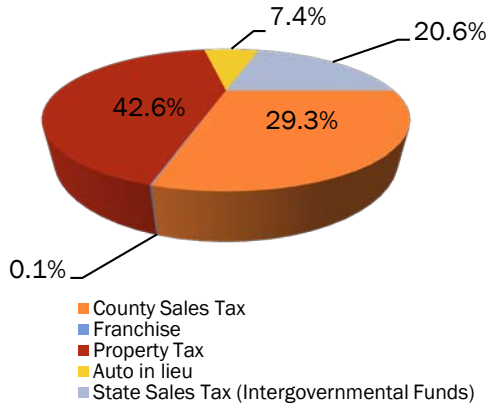
REVENUES- Governmental Funds

Below is a ten year historical perspective of total revenues. Total revenues over the ten year history have averaged a **2.1%** growth rate.



REVENUES- Tax Revenues

The largest tax revenue source in the County Governmental Funds is Property Tax, which is based on assessed valuation. *Property taxes* accounted for **42.6%** of tax revenues in 2013. Meanwhile, *County sales taxes* represented **29.3%** of total tax revenues.

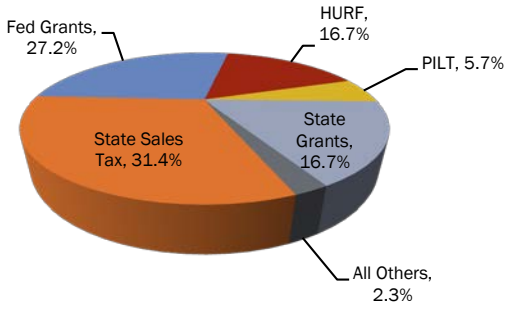


Governmental funds are comprised of general, special revenue, debt service, and capital projects funds.

Franchise Tax: applied to cable companies
Auto in lieu of tax: automobile licensing

REVENUES- Intergovernmental

Intergovernmental revenues are received from governmental entities outside Yuma County, such as the State or Federal government. *State Shared Sales Taxes* are applied to certain sales transactions state-wide. *Grants from State or Federal Governments are* available to the County by meeting certain requirements and are restricted for use. *Highway User Revenue Fund* comes from tax applied to gasoline purchases and *Payment in Lieu of Tax (PILT)* is a major item under "Other" revenue and is a Federal contribution for land use.



Did you know?

- In October 1849, Lt. Cave J. Couts established Fort Calhoun on a hill overlooking the Yuma Crossing to protect emigrants heading toward California in search of gold.

- In December 1852, the first steamer on the Colorado River reached Yuma.

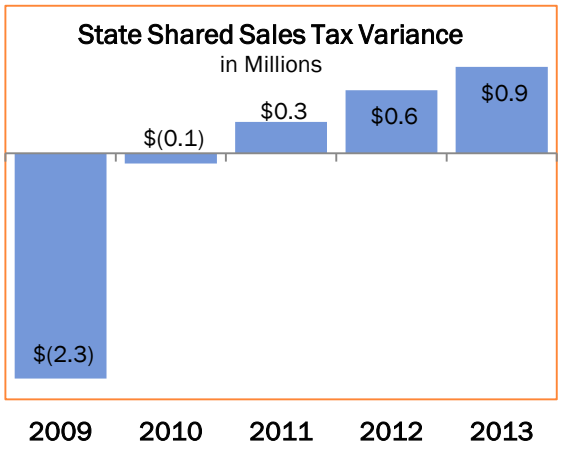
- In June 1936, I.A. Eddy of Yuma developed the first home evaporative cooler.

Source: Arizona State Library Archives

REVENUES- Budget to Actual

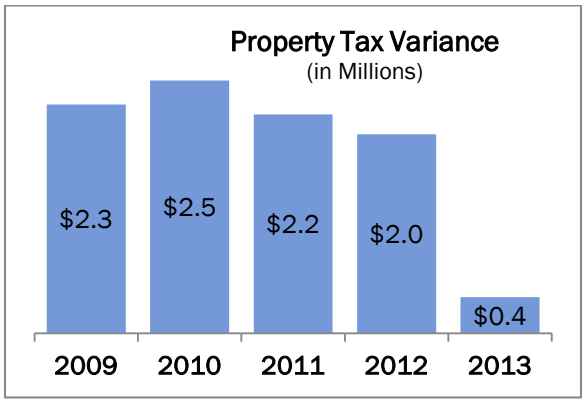
Sales Taxes Exceed Budget Estimates

FY 2013 actual state shared sales tax revenues exceeded budgeted amount by 5.2%. The chart below shows the five year budget to actual variance for State Shared Sales Tax for Yuma County. Sales tax revenues are difficult to predict as they are subject to volatile economic forces; therefore, Yuma County budgets conservatively in this area.



Property Taxes Exceed Budget Estimates

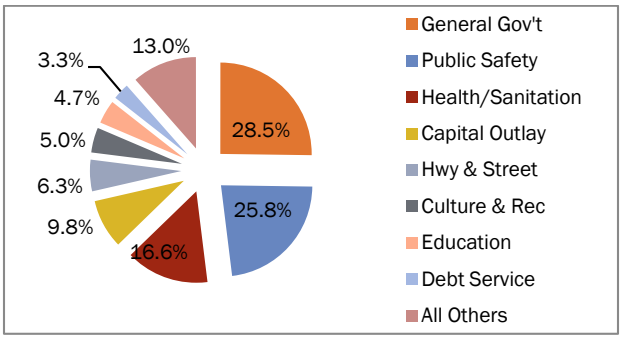
Fiscal year 2013 actual property tax collections exceeded budgeted amounts by 1.0%. The five year average variance between budgeted and actual revenues for property tax collections is 5.36%. Below is a chart showing property tax variance.



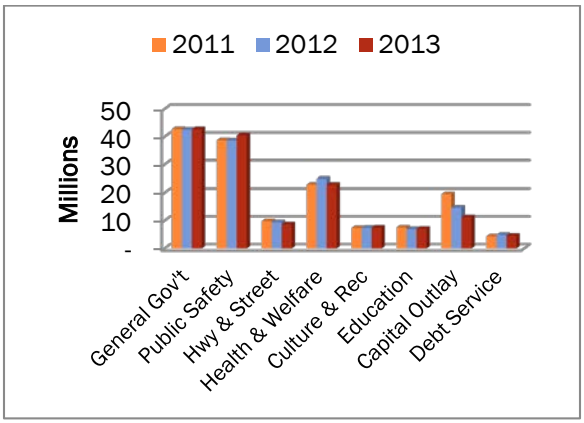
EXPENDITURES- Governmental Funds- Uses

In fiscal year 2013 revenues decreased from 2012 by $9.6 million while expenditures saw a decrease of $3.1 million over 2012. Expenditures at June 30, 2013 were $146,510, 534.

Major expenditure functions included *General Government, Public Safety, and Health & Sanitation,* combined making up 70.9% of total expenditures.



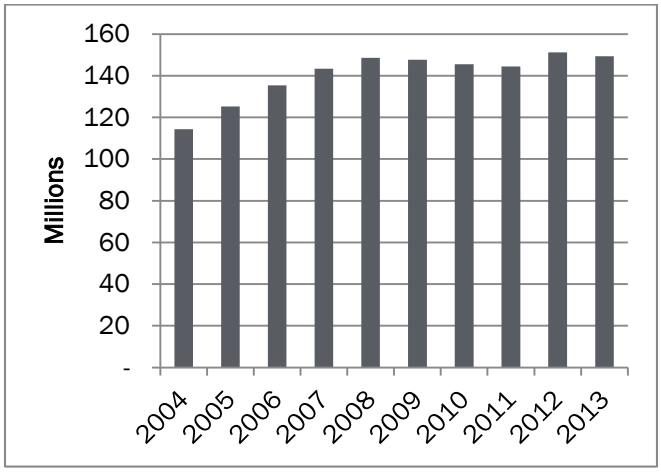
Below is a three year history of governmental funds expenditures.



CAFR & PAFR can be found by visiting our website: www.yumacountyaz.gov

EXPENDITURES- Governmental Funds- History

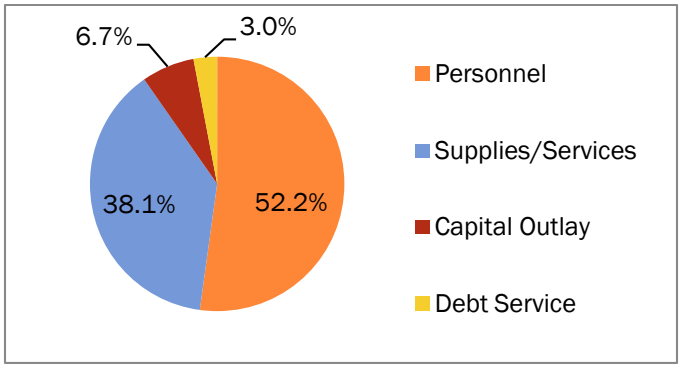
Below is a ten year historical perspective on total expenditures. Fiscal year 2013 saw a decrease of **2.1%** over prior year expenditures, a result of management mandates based on economic trends. Expenditures spiked in 2008 & 2009 due to the capital outlays for voter approved library projects, since completed.



Traditionally, the majority of expenditures are personnel related.

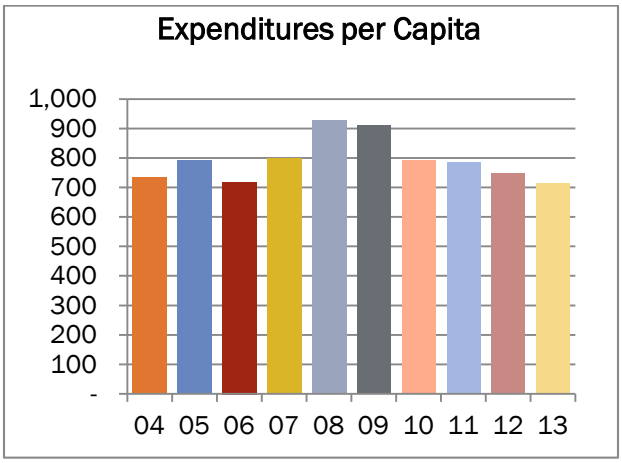
EXPENDITURES- Classes

Expenditures can be segregated into four classes for more detailed analysis: *Personnel*, *Supplies and Services, Capital Outlay*, and *Debt Service.*



EXPENDITURES- Per Person

Expenditures per person decreased from prior year at a rate of **4.3%.** The historical ten year average growth in expenditures per person is **2.6%**. For fiscal year 2013 the expenditure per person in Yuma County was $746.43, $40.49 behind the ten year average of $786.92.



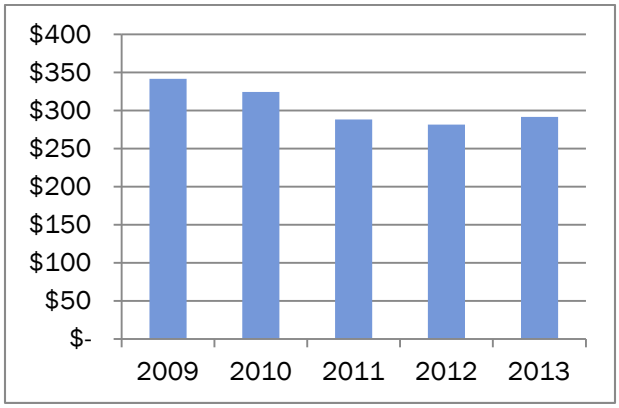
EXPENDITURES- Long Term Debt

Yuma County has principal debt outstanding of **$64,012,172** in general obligation, pledged revenue, and special assessment bonds and loans. This includes the largest piece outstanding of **$45,585,000** in principal on the 2005 voter approved general obligation debt issued to build, expand, and renovate public libraries throughout the County.

To take advantage of lower interest rates the County refunded by issuing pledged revenue bonds in September, 2011 which has a balance of $**7,450.000;** and in June, 2013 issued new revenue bond debt of **$7,500,000** to refinance a bond obtained in March 2011 for the East County Facility and acquire and renovate a building the County purchased to house administrative offices.

*Yuma County's **Debt Management Policy** as well as all policies can be found by visiting our website: www.yumacountyaz.gov*

EXPENDITURES- Long Term Debt- Per Person (Principal Only)



Above is the five year comparison of Long Term Debit Principal per person, showing a downward trend. Current long term debt (principal) per person is **$295.04** down **$46** from fiscal year 2009. Yuma County uses a conservative approach to issuing long term debt. For information on the County's Debt Management Policy visit our website at www.yumacountyaz.gov.

Long Term Debt- Bond Types Defined:

General Obligation Bonds- bond backed the general taxing power and good name of the issuing government

Pledged Revenue Bonds- bond issued with a pledge or guarantee that repayment will be made solely from revenues generated by a specific source

Not only has Yuma County received the PAFR Award for Outstanding Achievement in Popular Annual Financial Reporting for the past 10 years; it has also received the Certificate of Achievement for Excellence in Financial Reporting for the same 10 years, as awarded by the Government Finance Officers Association for its Comprehensive Annual Financial Report (CAFR).

Statements- Financial Activity (Sources & Uses)

The Sources & Uses statement of activity as well as the Benefits & Burdens statement are presented on a non-GAAP basis; however employs the same accounting basis as that used in preparation of the CAFR. For more detailed information, please review the CAFR on our website at www.yumacountyaz.gov.

Sources & Uses

Year Ended June 30, 2013 (in Millions)

	General Fund		All Other Governmental Funds	
	2013	2012	2013	2012
Revenues:				
Taxes/Special Assessments	39.53	40.25	29.80	30.62
Licenses & Permits	0.64	0.54	0.39	0.43
Intergovernmental	21.52	21.50	35.56	44.22
Charges for Services	4.44	4.47	2.31	2.27
Fines & Forfeits	1.49	1.66	1.19	1.34
Miscellaneous	0.51	0.50	2.20	1.70
Total Revenues:	68.13	68.92	71.45	80.58
Expenditures:				
General Government	38.02	37.63	6.71	4.95
Public Safety	11.21	11.28	28.61	27.35
Highways & Streets	-	0.00	9.46	9.47
Health, Welfare, & Sanitation	11.30	12.31	12.42	12.50
Culture & Recreation	0.01	0.01	7.58	7.51
Education	0.36	0.36	6.78	6.61
Capital Outlay	0.33	0.53	9.08	14.18
Debt Service	-	0.04	4.65	4.88
Total Expenditures:	61.24	62.16	85.28	87.45
Other Financing Sources & Uses:				
* Transfers In	0.38	0.41	20.06	18.57
* Transfers Out	(7.54)	(7.64)	(12.90)	(10.98)
Bond and Loan Proceeds	-		5.28	2.58
Total Sources & Uses:	(7.17)	(7.23)	12.45	10.17
Excess Sources Over/Under Uses	(0.27)	(0.47)	(1.38)	3.30

* Transfers In/Out are sources transferred from one fund to another within the organization.

** Figures are rounded, allow for rounding variance.

Statements- Financial Position (Benefits & Burdens)

Benefits & Burdens

Year Ended June 30, 2013 (in Millions)

	General Fund		All Other Governmental Funds	
	2013	2012	2013	2012
Benefits (Assets)				
Cash & Investments w/ Cnty Treasurer	$ 13.92	$ 13.92	$ 65.01	$ 65.01
Cash & investments w/ Others	0.00	0.00	3.90	3.90
Receivables	1.21	1.21	4.52	4.52
Due from other Funds/Govts	5.46	5.46	8.19	8.19
Other Assets	0.27	0.27	0.03	0.03
Total Benefits (Assets):	$ 20.86	$ 20.86	$ 81.65	$ 81.65
Burdens (Liabilities)				
Owed to Vendors	$ 0.79	$ 0.79	$ 2.52	$ 2.52
Owed to Employees	0.69	0.69	0.68	0.68
Due to other Funds/Govts	0.13	0.13	4.00	4.00
Deposits held by Cnty as Trustee	0.14	0.14	0.40	0.40
Debt Service (Principal/Interest)	0.00	0.00	0.98	0.98
Deferred Revenues	1.18	1.18	3.41	3.41
Total Burdens (Liabilities):	$ 2.93	$ 2.93	$ 11.99	$ 11.99
Benefits Over/ Burdens Under	$ 17.93	$ 17.93	$ 69.66	$ 69.66

* Figures are rounded, allow for rounding variance.

Financial Reports Defined:

Financial Activity Statement: Also known as the Income Statement provides a record of sources (revenue) and uses (expenditures) of providing County services.

- Excess Sources Over/Under Uses: Represents gain/loss for the current year, similar to Net Income.

Financial Position Statement: Equivalent to the Balance Sheet provides the benefits (assets) available to the County as well as the burdens (liabilities).

- Benefits Over/Under Liabilities: Represents the difference between assets and liabilities, similar to Net Worth/Net Equity.

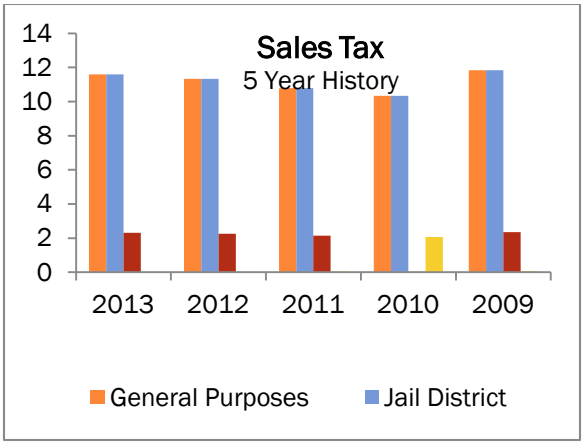
Taxes - Sales Tax

Yuma County currently has three active sales taxes which fund General Operations, the Jail District and the Health District respectively. There was a fourth inactive sales tax used to fund Capital Projects; however, this was terminated in 2007 and any collections are solely from audits of vendors for past payments made to the State of Arizona.

HOW ARE MY TAXES USED?

County Sales Taxes	Rates	All Governmental Funds		Net Change	
		2012-13	2011-12	$	%
General Purposes	0.5	11,599,502	11,344,479	255,023	2.2%
Jail District	0.5	11,602,960	11,344,489	258,471	2.3%
Health Services District	0.1	2,310,145	2,258,309	51,836	2.3%
Capital Projects	0.0	20,058	18,052	2,006	11.1%
Total Cnty Sales Tax	**1.1%**	**25,532,665**	**24,965,329**	**567,336**	**2.3%**

Below is a five year history of sales tax in Yuma County, 2013 saw an increase in the County due to increased retail sales.



Did you know?

The State of Arizona does not have a "Sales Tax", instead it is a Transaction Privilege Tax (TPT), and it is a tax accessed the vendor for the privilege of doing business in the State, but is usually passed onto the consumer.

Taxes - Sales Tax by Category

Below is a comparison current year, to seven years ago of County General Sales Tax by Category.

Category	2005-06	2012-13	% Change
Utilities	1,057,761	$1,304,181	49.63%
Communications	444,006	324,127	(15.46%)
Publishing	17,249	7,938	(47.78%)
Restaurants & Bars	919,690	1,134,873	40.62%
Amusements	61,598	71,696	25.96%
Rental of Personal Prop	314,098	340,011	0.00%
Contracting	2,212,911	1,455,328	23.66%
Retail	6,411,920	6,587,161	(23.88%)
Hotel/Motel	245,654	263,482	16.75%
All Other	198,259	110,705	20.50%
			(38.55%)
TOTAL	$11,883,146	$11,599,502	(2.39%)

Retail Sales

Retail sales continued to trend upward for the third year, increasing from last year's 2nd Quarter of $685,654,433 to $720,425,941, a **5.1%** change. This indicates that the economy is continuing to rebound from the downturns of 2009-2010.

Total Yuma County taxable sales for the hospitality industry also saw an increase over prior year of **2%** for restaurants and bars and **-6.5%** for transient lodging. Overall Yuma County saw taxable sales as a whole increase over the 2nd Quarter of 2012 by **.2%**.

Taxes – Property Tax

Primary Assessed values:

The primary assessed valuation is a legislated valuation, which provides taxes for general operations (General Fund). The County's current primary property tax rate is 1.8798 per $100 valuation.

How is Residential Property Tax calculated?

Full Cash Value: $100,000
Assessed Valuation: $10,000
Primary Rate: 1.8798

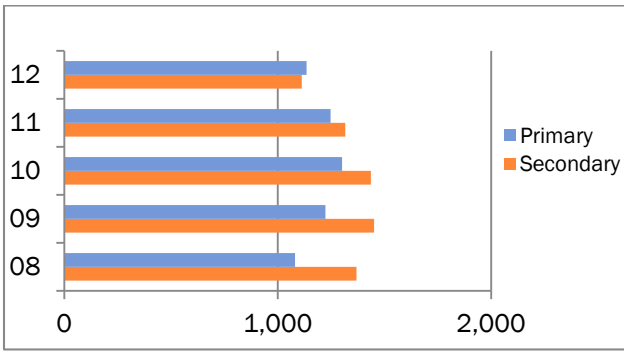
$100,000 X .10 = $10,000
$10,000 ÷ 100 = $100
$100 X 1.8798= $187.98

Secondary Assessed values:

The secondary assessed valuation is not restricted by statute, as such it is a better indicator of market conditions and is the basis for Yuma County's Flood Control and Library Districts, rates this tax year were .2794 and .8191 respectively.

Net Valuations Decreased in FY 2012

In tax year 2013, the net primary assessed valuation decreased **6.5%** to $1.166 million. The net secondary assessed valuation also saw an **6.8%** decrease to $1.316 million; five year history below.



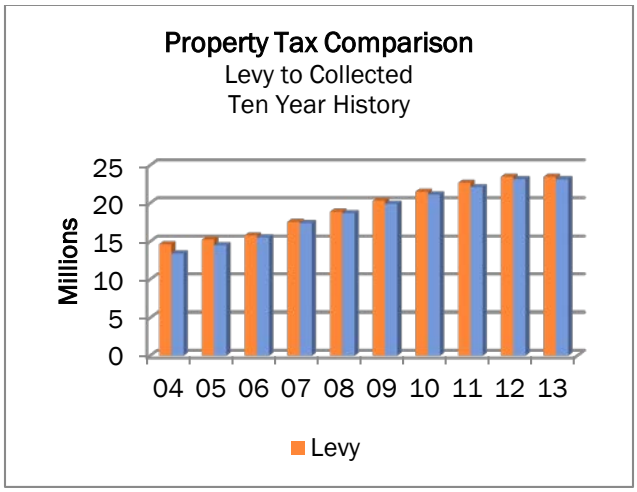
Taxes – Property Tax

Tax Collections- *Current*

Current real estate and personal property tax collections for the General Fund tax levy were down from fiscal year 2012 by **3.1%** from 95.91 in 2012 to 92.84% for 2013.

Tax Collection- *Total Collected*

Total taxes collected decreased **3.1%** over 2012, from $23.16 to $21.92 million.



Look Ahead- In August 2013, the Yuma County Board of Supervisors voted to increase the tax rate for fiscal year 2014 to 2.0606 which keeps property taxes equal to the prior year adjusting for decreased assessed values.

IMPORTANT VALUATION AND PROPERTY TAX CONTACT INFORMATION

Yuma County Assessor: Joe Wehrle
Phone: (928) 373-6040

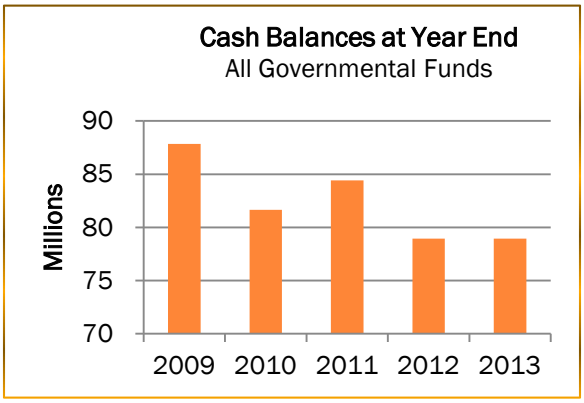
Yuma County Treasurer: Angela Pancrazi-Moreno
Phone: (928) 539-7781

One Location: 410 S. Maiden Lane, Yuma

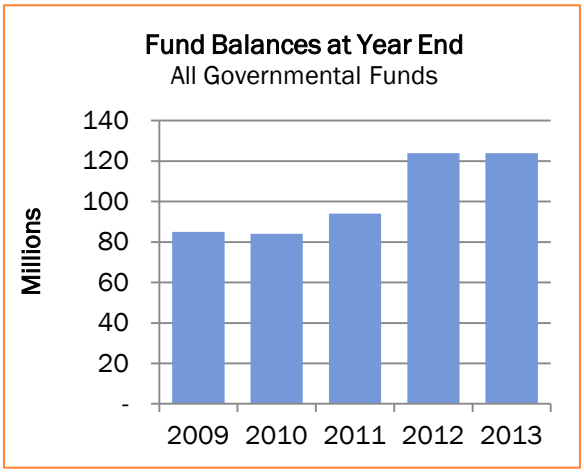
A Directory is available at our website for all County offices. Visit us at www.yumacountyaz.gov or call Administration at (928) 373-1010

OPERATIONS – Cash & Fund Balance

At close of fiscal year 2013, the General Fund maintained adequate cash and fund balance to carry forward to fiscal year 2014 for continued operations. General Fund saw a cash decrease of **9.1%** from 2012 while ALL Other Governmental Funds saw a decrease of **1.3%**.



General Fund balance saw a slight decrease of 1.5% over prior year and All Other Governmental Funds saw a decrease of 1.5%. Overall, fund balances decreased by **1.5%.**

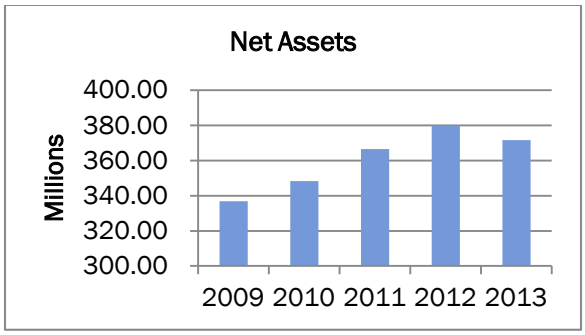


Cash balance- includes cash, cash equivalents and investments

Fund balance- is the difference between assets & liabilities

OPERATIONS – Net Assets

Net Assets is the difference between Assets and Liabilities. Net Assets for Yuma County increased over prior year from $379.22 million in 2012 to **$371.54** million for 2013.



Net Assets increased from 2012, due to issuance of revenue bonds to finance capital improvements. Net Assets have increased **10.3%** since 2009.

Net Asset Composition

Net assets have three components:

(1) Invested in capital assets, net of related debt (land, buildings, machinery, equipment)
(2) Restricted net assets (subject to external restrictions)
(3) Unrestricted (not subject to external restrictions

Over **77%** of the County's net assets are invested in capital assets (net of related debt), nearly **17%** are restricted (primarily for Public Safety & Culture/Recreation), and **6%** are unrestricted.

For more detail on Net Assets, please review our Comprehensive Annual Financial Report.

Follow Yuma County on Twitter:
https://twitter.com/yumacountyaz"Serious about keeping you informed!"

Strategic Plan (2013)

The Strategic Plan, adopted by the Board of Supervisors, identifies a number of objectives the County intends to achieve and is measured in 5 - year increments. Objectives of the plan are integrated into the annual budget and provide performance measure s in each agency budget. The 2017 Strategic Plan continues to be developed at time of printing.

Comprehensive Plan (2020)

The Comprehensive Plan is a 10 - year plan that identifies the desired physical development of the County. In addition to providing plans for land, open space, environment, and water resource development, the plan identifies strategies to bring about the desired improvements.

Capital Improvement Program

This program is a 5 - year plan of improvement projects, adaptive to the economic environment of the County. The program is administered on projects with expected costs of more than $50,000 mainly construction with associated debt.

ALL Yuma County Reports can be found by visiting our website www.yumacountyaz.gov.

County Mission: *Yuma County Government is dedicated to providing customer-focused services to enhance the health, safety, well-being and future of our entire community.*

BOARD OF SUPERVISORS

Lenore Lorona Stuart

District 1

Russell McCloud

District 2

Vice- Chair

Russ Clark

District 3

Marco A. "Tony" Reyes

District 4

Gregory Ferguson

District 5

Chair

County Administrator- Robert L. Pickels, Jr. (Right)

The **Mission of the County Administrator's Office** is to ensure that the residents of Yuma County receive professional, high quality and cost effective services from all County departments; that Yuma County government is transparent in all respects; and, that County personnel are accessible and accountable to the people of Yuma County that we serve.